

~~CONFIDENTIAL~~

MEMORANDUM FOR: Deputy Director (Plans)

SUBJECT: Accountability of [ ] (P)

25X1A9a

REFERENCE: Memo for DD/P, from Comptroller, dated 2 December 1957, above subject

1. I am forwarding a copy of reference and cited references as I feel that you desire to be informed regarding the handling of problem cases as they arise in your area.

2. You will note from reference that while settlement of the accounts of subject has been effected on the basis of available documentation, it cannot be conclusively stated that all funds advanced have, in fact, been applied to purposes of the projects. Inability to establish acceptable audit evidence of the use of funds in this case is due to the fact that because of operational security representations, the administrative plans provided that funds could be accounted for solely on the basis of certification by the Principal Agent.

3. The operational considerations which dictate the necessity for deviating from generally accepted standards and procedures for the administration and control of the financial aspects of sensitive projects is, of course, fully recognized and accepted as an inherent factor in the activities of our agency. In such instances, however, the Agency, and more specifically, responsible operations officials assume a peculiar responsibility for exercising special attention and astuteness in the direction and review of projects and their principals to assure that the Agency's interests are fully protected. Failure to recognize and discharge this special responsibility inevitably leads to deficiencies in control which may not only invite misuse and misapplication of funds, but also jeopardize our authority to make the deviations and exceptions to generally accepted practices which are considered essential to our mission.

4. Although I understand that the administrative plans for the projects for which subject was the Principal Agent [ ] have been revised and control over the projects otherwise strengthened, we must still rely to a large degree on operational rather than administrative or accounting control to assure that integrity in financial administration of the projects

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MEMORANDUM FOR: Deputy Director (Plans)

SUBJECT : Accountability of [REDACTED]

25X1A9a

REFERENCE : Memo for DD/S, from Comptroller, dated 2 December 1957,  
above subject.

1. I am forwarding a copy of reference and cited references as I feel that you desire to be informed regarding the handling of problem cases as they arise in your area.

2. You will note from reference that while settlement of the accounts of subject has been effected on the basis of available documentation, it cannot be conclusively stated that all funds advanced have, in fact, been applied to purposes of the projects. Inability to establish acceptable audit evidence of the use of funds in this case is due to the fact that because of operational security representations, the administrative plans provided that funds could be accounted for solely on the basis of certification by the Principal Agent.

3. The operational considerations which dictate the necessity for deviating from generally accepted standards and procedures for the administration and control of the financial aspects of sensitive projects is, of course, fully recognized and accepted as an inherent factor in the activities of our agency. In such instances, however, the Agency, and more specifically, responsible operations officials assume a peculiar responsibility for exercising special attention and astuteness in the direction and review of projects and their principals to assure that the Agency's interests are fully protected. Failure to recognize and discharge this special responsibility inevitably leads to deficiencies in control which may not only invite misuse and misapplication of funds, but also jeopardize our authority to make the deviations and exceptions to generally accepted practices which are considered essential to our missions.

4. Although I understand that the administrative plans for the projects for which subject was the Principal Agent [REDACTED] have been revised and control over the projects otherwise strengthened, we must still rely to a large degree on operational rather than administrative or accounting control to assure that integrity in financial administration of the projects

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is maintained. In view of this fact, as well as the history of past deficiencies in the administration of the projects, you may desire to initiate a re-examination of the operations of the projects to assure that sound principles of direction and control are now in effect.

L. K. WHITE  
Deputy Director (Support)

attachment

2 December 1957

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